

IOWA DEPARTMENT OF REVENUE

RESPONSES TO 2013 ADMINISTRATION AND REGULATION BUDGET SUBCOMMITTEE QUESTIONS

1) How many employees do you have? What is the five year trend for staffing levels?

As of 01/25/2013 we have 293 FTEs. We anticipate our staffing levels for the upcoming five years to remain at the same level. Our historical staffing levels are as follows:

<u>Year</u>	<u>FTEs</u>
2013	292
2012	299
2011	312
2010	368
2009	390

2) How are the above employees classified? How many are exempt, non-exempt, and collective bargaining?

See the attached document for a full list of employee classifications utilized in the Department.

Exempt employees:	11
Non-exempt employees:	22
Collective Bargaining Covered Employees:	260

3) How many of your FTEs are federal funded?

There are no federally funded FTEs within the Iowa Department of Revenue.

4) How many Federal grants does your agency receive and what's the matching rate? What's the future matching rate anticipated to be? How much Federal funding?

The Iowa Department of Revenue does not receive federal funds in any format.

5) How many early retirements were taken?

66 employees participated in the SERIP early retirement program.

6) Of those openings, how many have been filled?

18 positions vacated through early retirement have been filled.

7) What are your ideas make service delivery in your Department more efficient?

Department employees have embraced the Lean mindset and are continuously looking for ways to improve the services we provide to Iowa's taxpayers and State government. We have engaged in

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several formal Lean events, and have experienced a culture of process evaluation and improvement develop over the past two years (see response to next question) as a result. As a department, we recognize that our technologies are in many areas outdated and are an obstacle to rapid improvement. However, we believe that it is important for us to continue to evaluate how we might perform our work better before we invest significant taxpayer dollars in new software and systems. Regardless of our technological hurdles, we recognize that we must always be focused on providing courteous customer service, and on making it easy for our taxpayers to comply with their obligations to the State.

8) Share your progress of your Department's "LEAN" projects?

- **Compliance Value Stream:** This team was initially started to help the protest process but really shined light on many opportunities for improvement BEFORE issues become protests. The team held recently its 18 month follow up meeting and completed all homework. Two formal Lean projects spun out of this event- A Kaizen on Protests and a project on Billing Adjustments.
- **Protest Kaizen:** This team recently held its one-year follow up. Achievements included eliminating multiple people touching documents, developing checklists, and providing feedback to people when a protest is closed. Team members continue to seek and find improvement opportunities and make process adjustments.
- **Adjustments Improvement:** This team worked to identify and isolate 7 audit programs that were generating 77% of all manual adjustments performed. In reviewing the adjustments, the team identified 5 problems. By automating the process the Department was able to reallocate 3 FTEs, save \$273,757, and dramatically reduce the cycle time.
- **Fiduciary Kaizen:** One of the Department's non-centralized processing systems is for fiduciary income tax returns. This team recently held its 6-month follow-up meeting. Team successes include development of a comprehensive cross training plan and workflow improvements.
- **Design event:** The most ambitious event to date, this team undertook the integration of the Operations, Compliance and Collections section processes in order to better serve internal and external customers. This re-focus of the divisions into one division looked at strengths, weaknesses, opportunities and threats. The event was held in October, and has already resulted in improvements to a number of processes, including a streamlining of mail processing.

9) How much of your revenue comes from other state agencies?

The FY13 budgeted revenue from other state agencies is \$2,786,000, which represents 8% of total revenue within appropriation T01. The following details the budgeted revenue from other state agencies:

Treasurer of State:	\$300,000
Department of Natural Resources:	\$21,000

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Department of Human Services:	\$65,000
Judicial Department:	<u>\$2,400,000</u>
	\$2,786,000

10) How much of your revenue comes from fees?

\$2,473,500 of revenue comes from fees as detailed below:

- The Department of Revenue charges \$5 for a photocopy of a tax return. The FY13 budgeted amount for photocopy fees is \$3,500.
- The Department of Revenue has an agreement with the Judicial Department, the Department of Human Services and the Department of Natural Resources for collection services. The FY13 budgeted amount for collection services is \$2,470,000. This amount is also reflected in the \$2,786,000 listed in #3 above.

11) What has been your five year budget trend?

FY13 general fund appropriation: \$17,659,484	0.00% reduction from FY 12
FY12 general fund appropriation: \$17,659,484	5.19% reduction from FY11
FY11 general fund appropriation: \$18,625,258	18.06% reduction from FY10
FY10 general fund appropriation: \$22,729,219	10.95% reduction from FY09
FY09 general fund appropriation: \$25,525,204	

**For the five year period of FY 2009 through FY 2013, the Department has experienced a total budget reduction of 30.82%.

12) Regarding current FY13, how does your current budget situation look? Do you expect any savings?

As of 12/31/13, there is an estimated one-time savings of \$176,000 due to the delay of filling vacant positions throughout the fiscal year. The Department of Revenue plans to use this one-time savings for information technology improvements.

13) Have there been any recent reclassifications of individuals in your Department? How many and what were the changes?

The Department has had 23 reclassifications in the time period of January 6, 2012 through January 31, 2013. The attached document provides information on those reclassifications.

14) In regards to monetary bonuses, how do you measure employee outcomes?

We do not provide our employees with any monetary bonuses.